Mumtaz Ali Shah
Federal Insurance Ombudsman, Pakistan

Building public trust through fairness

FOLLOWING is an excerpt from the interview of the Federal Insurance Ombudsman (FIO) of Pakistan, highlighting the evolving landscape of the insurance sector:

Q. How would you describe the evolution of the insurance sector in Pakistan over the past few years?

A. Thank you, the sector has undergone noticeable transformation. Several companies are modernising their processes, adopting digital platforms, and restructuring their customer services. However, despite this progress, the overall penetration remains low. Many people still rely on informal methods of risk management. For sustainable growth, we need a wider cultural shift where insurance is seen as a necessity rather than an option. Encouragingly, youth and urban populations are showing increasing interest, which indicates clear potential for expansion.

Q. Transparency is widely considered a key element of a healthy insurance ecosystem. Why does it matter so much?

A. Transparency is not just a regulatory requirement — it is a foundation of trust. Insurance works only when people believe their claims will be handled fairly. A transparent system minimises disputes, improves the customer experience, and enhances the credibility of the entire industry. When policy details are clear, charges are explained upfront, and claims processes are predictable, customers feel secure. This security translates into long-term growth because satisfied policyholders become long-term clients.

Q. What initiatives has your office taken to promote transparency and protect policyholders?

A. Our office actively investigates complaints and ensures that insurers comply with fair practices. We provide an accessible and cost-free dispute resolution forum, which itself is a major step towards promoting accountability. We have also upgraded our online complaint portal, making it easier for citizens to submit grievances without visiting any physical office.

Additionally, we conduct awareness seminars, meet industry leaders, and issue advisories to insurance companies on improving policy documentation. The ultimate goal is to ensure companies operate fairly and consumers understand their rights.

Q. Based on the complaints you receive, what recurring issues seem to hinder transparency?

A. A large number of complaints

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Maintaining transparency and growth in insurance industry

By Mobashir Naeem Siddiqui
Director General, Federal Insurance Ombudsman

PAKISTAN'S insurance industry has made steady progress over the last two decades, yet it continues to operate far below its true potential. Low insurance penetration, public mistrust, and limited awareness remain persistent challenges.

The sector is undergoing a gradual but meaningful transformation, driven by digitalisation, improved regulation, and increased consumer engagement, particularly among younger and urban populations. However, sustainable growth will depend on how effectively the industry strengthens transparency and builds public confidence.

The transparency is not just a regulatory formality but the "foundation of trust" in the insurance ecosystem. Insurance is essentially a promise, one that customers cannot see or verify until they file a claim. When policyholders encounter vague terms, unclear exclusions, inconsistent information, or prolonged delays in settlement, their trust collapses.

This mistrust ultimately slows industry growth. For Pakistan to move forward, insurance companies must ensure clarity in product wording, openness in premium disclosures, and predictability in claim procedures.

The Federal Insurance Ombudsman's office plays a central role in promoting accountability and fairness. It provides a free and accessible dispute resolution platform for consumers, ensuring timely and

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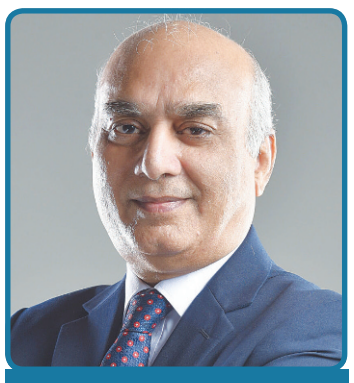
Adamjee Life Insurance: awareness, clarity and sustainability



By Dr Bakht Jamal Shaikh
Advisor to the CEO, Technical Affairs, Adamjee Life

LIFE insurance penetration in Pakistan is sliding in spite of the growing number of insurers and distribution network. There can be many reasons behind it but mismatch between policyholders' needs and perception about products they are being sold is one of the most important reason.

Unlike other consumer products for whom consumers understand the utility, here life insurance is rarely perceived as need of life, though everyone believes death is imminent.

Lack of awareness about benefits of life insurance including living benefits and how it works is main reason behind this. Recently in a social gathering I met with two old friends who were discussing intricacies about their life insurance policies.

Being highly educated even, they never spared a few minutes to read the policy provisions and what product offerings actually are. They believed blindly whatever was told by the middle man. Lack of awareness about life insurance leads to miss-selling and sometimes over-selling.

Miss-selling or over-selling is a symptom and not the disease itself. In medical science, symptoms — the complaints narrated by a visiting patient — are only signals sent by an underlying ailment. After hearing these, the physician examines the patient to find significant signs and then calls for laboratory investigations to relate the findings with the symptoms and signs. Finally, intelligent exercise of differential diagnosis is done and appropriate treatment is commenced after proper diagnosis.

Lack of awareness about benefits of life insurance policy undermines its need. No other financial institution like bank, mutual fund can match it. General cry is that the policy wording is complex, highly technical having more

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